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ILLINOIS COMMERCE COMMISSION

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

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Illinois Bell Telephone Company)
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Annual Rate Filing for)
Noncompetitive Services Under an)
Alternative Form of Regulation)

Docket No.

03-0217

ANNUAL RATE FILING

Pursuant to the Commission's Order in Illinois Commerce Commission Docket Nos.92-0448 and 93-0239 approving a plan for an alternative form of regulation, dated October 11, 1994 ("Order"), SBC Illinois ("Illinois Bell Telephone Company" or "the Company") hereby provides to the Commission its Annual Rate Filing ("Filing"). The Company's Filing is made in conformity with Appendix A (II) of the Order as modified in Docket 98-0252/98-0335 and 00-0764, dated December 30, 2002 ("Review Order") and includes the following exhibits:

- Exhibit 1 – Calculation of the Gross Domestic Product Price Index Change using the chain-weighted measure;
- Exhibit 2 – Calculation of the service quality component using the Order's measurements;
- Exhibit 3 – Calculation of the exogenous factor component;
- Exhibit 4 – Calculation of the price cap index reinitialized at 100;
- Exhibit 5 – Four Service Baskets –Residential, Packages, Carrier, Other --showing the calculation of the actual price cap index for each basket reinitialized at 100 (proprietary);
- Exhibit 6 – Demonstration of compliance with Section 13-507 (proprietary);
- Exhibit 7 – Tariff pages to reflect revised rates in each of the Service Baskets;
- Exhibit 8 – Description of Proposed Changes to Rates in 2003 Annual Rate Filing;

Since the Review Order reinitialized the price indices, the exhibit showing the Actual Price Index (API) changes to the Carrier Basket is unnecessary and not provided as part of this filing.

The service quality component, or Q factor, uses the measurements adopted in the Order. All service quality measurements were met in 2002. The changes in the service quality measurements adopted in the Review Order will be applied in the next annual rate filing.

Vertical services, excepting caller identification and call waiting, are to be classified as competitive without further Commission review effective June 1, 2003. As a result, these services have been excluded from this filing. See H.B. 2900, Section 13-502.5(c).

In accordance with Appendix A (II)(c), the Company requests that the Commission establish a comment period for the parties. The Company also requests that the Commission take administrative notice of the record and orders in Docket Nos. Docket 98-0252/98-0335 and 00-0764 and 92-0448/93-0239 for use in reviewing this filing.

Respectfully submitted,

By: James Beigman
Director-Regulatory Financial Affairs

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STATE OF ILLINOIS

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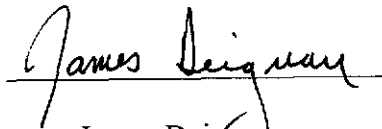
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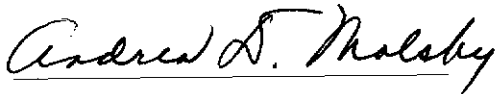
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VERIFICATION

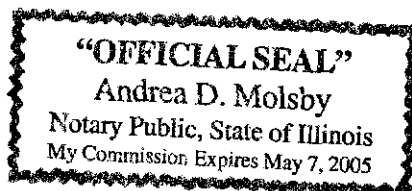
I, James Deignan, being first duly sworn on oath, states that I am Director – Regulatory State Financial Affairs for SBC Illinois, with primary responsibility for SBC Illinois' alternative regulation plan and annual filings related to such plan. I am familiar with the contents of the Company's Application for Annual Rate Filing and believe them to be true to the best of my knowledge, information and belief.


James Deignan

Subscribed and Sworn to before
Me this 28th day of March, 2003.



Notary Public



SERVICE LIST FOR ANNUAL RATE FILING ICC DOCKET NO. _____

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